

ORIGINAL RECEIVED  
AUG 11 1995

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of )  
 )  
Policies and Rules Concerning ) CC Docket No. 94-129  
Unauthorized Changes of )  
Consumers' Long Distance Carriers )

DOCKET FILE COPY ORIGINAL

MCI PETITION FOR LIMITED RECONSIDERATION

MCI TELECOMMUNICATIONS CORPORATION

Gregory F. Intoccia  
Donald J. Elardo  
1801 Pennsylvania Avenue N.W.  
Washington, D.C. 20006  
(202) 887-2411

Dated: August 11, 1995

Its Attorneys

No. of Copies rec'd  
List ABCDE  
642

## TABLE OF CONTENTS

SUMMARY.....	i
I. INTRODUCTION.....	1
II. THE IN-BOUND VERIFICATION REQUIREMENT IS NOT JUSTIFIED..	1
A. THE IN-BOUND VERIFICATION REQUIREMENT IS UNSUPPORTED IN THE RECORD.....	1
B. THE IN-BOUND VERIFICATION REQUIREMENT IS OTHERWISE UNSUPPORTABLE.....	4
C. THE IN-BOUND VERIFICATION REQUIREMENT WOULD RESULT IN SUBSTANTIAL COSTS WITHOUT OFF-SETTING PUBLIC INTEREST BENEFITS.....	8
III. LOA CHECKS SHOULD BE PROHIBITED.....	10
IV. CONCLUSION.....	16

Attachment, Declaration of Wayne E. Huyard

Attachment, Declaration of Ivy E. Whitlatch

### SUMMARY

The Commission's decision in this proceeding is deficient in two fundamental respects.

First, the decision to extend the current verification requirements to consumer-initiated calls is unsupported and insupportable in any event. Furthermore, if the decision were implemented, MCI and others would be subject to substantial and unnecessary costs, without any off-setting public interest benefits.

Second, the Commission should outlaw altogether check inducements that also "double" as letters of authorization to switch between carriers. Misleading "LOA checks" have become a widespread industry problem that needs to be dealt with by proscriptive action in order to protect consumers and restore integrity to the industry.

RECEIVED

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

AUG 11 1995

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of )  
 )  
Policies and Rules Concerning ) CC Docket 94-129  
Unauthorized Changes of Consumers' )  
Long Distance Carriers )

To: The Commission

DOCKET FILE COPY ORIGINAL

MCI PETITION FOR LIMITED RECONSIDERATION

MCI Telecommunications Corporation (MCI), pursuant to Section 1.429 of the Commission's Rules and Regulations, 47 C.F.R. Sec. 1.429, hereby moves for reconsideration of two aspects of the Commission's decision in Policies and Rules Concerning Unauthorized Changes and Consumers' Long Distance Carriers, CC Docket No. 94-129, FCC-95-225, Report and Order, released on June 14, 1995 (Report and Order). Specifically, MCI requests that the Commission abandon its decision requiring that the primary interexchange carrier (PIC) verification procedures established in Section 64.1100 of its rules be extended to consumer-initiated or "in-bound" calls to interexchange carrier (IXC) business telephone numbers and, further, that it eliminate altogether letters of agency (LOAs) in the form of checks or other negotiable instruments as a marketing tool.

### INTRODUCTION

The Commission has adopted new rules that purport to provide additional protection to consumers against unauthorized changes, or "slamming," of their long distance carrier. Although most of the rules and procedures prescribed by the Commission reflect an appropriate balance between consumer protection and the public interest in promoting vigorous interexchange competition, they are fundamentally deficient in two important respects. First, application of the Commission's verification rule to "in-bound" consumer calls will result in the substantial additional costs on IXCs, without achieving any meaningful protection. Second, while the Commission has prohibited the use of LOAs in combination with inducements or other promotional materials on the same document, it has created an exception by continuing to permit the use of check payments as inducements for subscribing to services. This is wrong, as the use of checks to induce consumers to change their carriers should be outlawed altogether.

### THE IN-BOUND VERIFICATION REQUIREMENT IS NOT JUSTIFIED

#### A. THE IN-BOUND VERIFICATION REQUIREMENT IS UNSUPPORTED IN THE RECORD

It is an elementary principle of administrative law that a Commission decision must be based upon a factual record that

provides a reasonable basis for its decision.<sup>1</sup> The Report and Order does not provide such a basis for the in-bound verification requirement.

As an initial matter, the Commission's decision ignores the fact that the overwhelming majority of commenters believe it unnecessary to require any additional protection for in-bound-calling consumers.<sup>2</sup> Indeed, the decision indicates only that "[s]ome commenters" had stated that current verification requirements for out-bound calls should not be applied to in-bound calls, citing only MCI and AT&T.<sup>3</sup> This mischaracterizes the thrust of the comments by suggesting, incorrectly, that extending the verification rule faced little opposition when, in fact, it had been vigorously contested by a number of parties.

Still worse, the comments of parties cited in the Report and Order as favoring in-bound verification simply do not do so, nor do they offer any basis to conclude that in-bound calls have been a problem in connection with unauthorized conversions. For example, although the Report and Order cites GTE Services Corporation (GTE) as a party supporting extension of the

---

<sup>1</sup> See, e.g., California v. F.C.C., 905 F.2d 1217 (9th Cir. 1990); City of Brookings Mun. Tel. Co. v. F.C.C., 822 F.2d 1153 (D.C. Cir. 1987).

<sup>2</sup> See MCI comments at 14; AT&T Corp. (AT&T) comments at 22; Lexicom at 4; Sprint Communications Co. at 14; One Call Communications, Inc. at 12; General Communications and MIDCOM Communications, Inc. at 6; Hertz Technologies, Inc. at 4; Telecommunications Resellers Association at 13; GTE at 2.

<sup>3</sup> Report and Order at n.85.

verification requirement, this is simply wrong.<sup>4</sup> Moreover, neither the comments of Consumer Action nor Touch 1 provides a basis to find that there is a significant in-bound problem, as each addresses potential problems from a theoretical perspective only.<sup>5</sup> Finally, no other comments can be relied upon by the Commission to provide any basis of support for the in-bound verification requirement.<sup>6</sup>

B. THE IN-BOUND VERIFICATION REQUIREMENT IS OTHERWISE UNSUPPORTABLE

Putting aside the fact that the verification requirement is not supported in fact, the question arises whether or not it could be. MCI submits that, even had the Commission made an effort to develop a record to support its action, it could not have done so. Indeed, extension of the rule to include those who initiate calls to IXCs could not be supported by the Commission's

---

<sup>4</sup> GTE's comments do not address the verification requirement for PIC change requests obtained through in-bound calling. GTE (at 5) merely notes the current practice followed by some carriers of using toll free number for carrier selection information and electronic verification of orders, then urges that the practice remain permissible.

<sup>5</sup> Touch 1 (at 8) merely states that verification procedures could be applied to in-bound calling "[i]f the Commission anticipates a problem." Consumer Action (at 4) describes only a speculative and unrealistic situation in which IXCs might mail literature promising inducements to encourage consumers to call them, thereafter "slamming" those who called.

<sup>6</sup> While the National Association of Attorneys General (at 11) expresses support for extending verification rules to in-bound telemarketing, it provides no examples of marketplace abuses that would support such an extension.

own records or industry experience. This is because relatively few problems have been experienced with in-bound calls which result in PIC changes.

The Commission has acknowledged previously that its records do not reflect a demonstrable problem of unauthorized conversions arising from in-bound calls. This recognition was evident from its response in a recent FOIA action involving, among other things, documents showing the number of informal Commission "slamming" complaints involving telemarketing. In a December 7, 1994 response, the Commission indicated that it did "not have material that is responsive" to such a request and noted that it did not maintain summaries showing a "delineation of slamming complaints with respect to... telemarketing...."<sup>7</sup> This recognition also was evident in its response to another FOIA request seeking information on the frequency of informal Commission complaints pertaining to alleged unauthorized conversions. In a December 30, 1994 response, the Commission made available a sampling of the informal complaints it had received, which showed that less than one percent of alleged unauthorized conversions arose from in-bound calling.<sup>8</sup> Hence the Commission's own records disclose no basis to support its rule.

---

<sup>7</sup> December 7, 1994 letter from Gregory A. Weiss, FCC, to Peter A. Jacoby, AT&T, FOIA Control No. 94-376.

<sup>8</sup> See December 30, 1994 letter from Gregory A. Weiss, FCC, to Peter A. Jacoby, AT&T, FOIA Control No. 94-400. "In-bound" calls represented such a small problem that, while the Commission separated its sample of 430 unauthorized conversion complaints into 11 major categories, it did not even list in-bound calls as a category.



The Commission's inability to produce evidence of a significant in-bound problem is fully consistent with MCI's own experiences. MCI has received insignificant consumer complaints regarding in-bound calling. In fact, indications are that consumers are satisfied with the simple and clear procedures that allow them to place orders by calling MCI and, further, that imposing any verification procedures on these customers would serve only to inconvenience them by, in effect, questioning the decisions they affirmatively made prior to calling MCI.<sup>9</sup>

Central to the Commission's imposition of the new verification requirement is an assumption that in-bound callers are only seeking "general information" and, therefore, any requests by them to change carriers during the course of such calls is questionable.<sup>10</sup> MCI's experiences show that such calls are not being placed for the purpose assumed by the Commission. First, like many other carriers, MCI generally establishes designated 800 numbers for limited-duration promotional marketing campaigns, each usually lasting only a few weeks or months. Therefore, as a practical matter, when prospective customers call these special 800 numbers, they are responding to offers of

---

<sup>9</sup> See Declaration of Wayne E. Huyard (Huyard Declaration) at para. 11, which is appended hereto and incorporated herein.

<sup>10</sup> See Report and Order, at para. 42, which reads in pertinent part: "[t]ypically, the consumers, [when they call an IXC] in response to an advertisement, are just requesting general information about the IXC and do not intend to initiate a PIC change."

service.<sup>11</sup>

Second, there has been a relatively high subscription rate by consumers responding to these campaigns, with few complaints. For example, the current enrollment rate is approximately 77 percent for those responding who are not MCI customers, and approximately 90 percent for those who are. (The latter are existing MCI customers who have responded to an offer and who subscribe to additional or different MCI service.) While verification is not required for current MCI customers requesting a change to a new MCI service, the fact that, for instance, approximately 50 percent of those responding to advertising are already MCI customers who have at least a basic knowledge of MCI and its services is evidence that callers are telephoning to "buy" a new service or product in response to advertisements, not merely to seek and obtain "general information."<sup>12</sup>

Third, results from a recent survey of calls initiated by consumers to MCI business numbers show overwhelmingly that such calls were placed to subscribe to service. Based upon a random sample drawn from in-bound calls to MCI numbers in response to advertisements (e.g., direct mail and mass media programs), 81 percent of those surveyed either called to switch their service to MCI or were current subscribers with customer service questions. Only 7 percent said that they called to obtain more

---

<sup>11</sup> Huyard Declaration, at para. 9.

<sup>12</sup> Id.

information.<sup>13</sup> Thus, it is apparent that the purpose of these calls was not, as the Report and Order suggests, to obtain general information, rather, these calls were made to select a new carrier and, given the dearth of complaints, it is clear that MCI did not abuse this important marketing approach.

C. THE IN-BOUND VERIFICATION REQUIREMENT WOULD RESULT IN SUBSTANTIAL COSTS WITHOUT OFF-SETTING PUBLIC INTEREST BENEFITS

---

If imposed, the verification requirement would result in significant costs to MCI, perhaps as much as \$10 million during the first twelve months. By category, these costs would be as follows:

In order to build the infrastructure needed to verify in-bound sales to residential customers, MCI would need to spend approximately \$1.5 million in capital expenses for equipment and other verification hardware. MCI further estimates that operational costs would add an additional \$6.3 million during the first twelve months after the Report and Order is implemented, based on projected monthly sales and acquisition costs per sale.<sup>14</sup>

In order to build the infrastructure needed to verify in-

---

<sup>13</sup> The survey interviewed consumers who called MCI between June 28 and July 14, 1995. It was conducted by an independent research company at MCI's expense. See Declaration of Ivy E. Whitlatch, at para. 2, which is appended hereto and incorporated herein.

<sup>14</sup> See Huyard Declaration, at para. 5.

bound sales to business customers, MCI would need to spend approximately \$0.9 million in capital expenses for equipment and other verification hardware. MCI further estimates that operational costs would add an additional \$1.1 million during the first twelve months after the Report and Order is implemented, based on projected monthly sales and acquisition costs per sale.<sup>15</sup>

Additionally, if the Report and Order as written becomes effective, MCI would experience additional cost burdens that are not readily quantifiable. For example, significant operational problems likely would occur as a result of orders placed at many MCI locations not equipped to handle verification procedures efficiently. Moreover, MCI would have to expend substantial staff and systems resources, thereby creating a drain on business activities. Certainly, similar cost impacts would be felt by other IXCs.<sup>16</sup>

Therefore, the proposed requirement cannot be justified on a "need versus cost" basis. When the Commission previously considered the "burden of implementing" telemarketing verification procedures, it "weighed those costs" against the need for additional consumer safeguards.<sup>17</sup> If the same approach were to be applied here -- and it should be -- the in-bound

---

<sup>15</sup> Id.

<sup>16</sup> Id.

<sup>17</sup> Report and Order, Policies and Rules Concerning Changing Long Distance Carriers, CC Docket No. 91-64, released January 9, 1992, at para. 44.

verification requirement would be removed. If it is not, additional (and unnecessary) costs will need to be borne by carriers and, ultimately, consumers, as carriers would be forced to recover their increased costs in higher service rates -- assuming the marketplace allowed them to do so.

'LOA CHECKS' SHOULD BE PROHIBITED

In order to reduce consumer confusion, the Commission has decided to prohibit the use of LOAs in combination with inducements or other promotional materials on the same document. However, it has created an exception for LOAs which "double" as checks, despite widespread public reporting that a number of other IXCs are using "LOAs checks" to mislead consumers and that they have spawned a cottage industry of fraud and abuse.

In its Notice of Proposed Rulemaking, the Commission reported that "abuse, misrepresentation, and consumer confusion occur when an inducement and an LOA are combined in the same document, often on the same piece of paper."<sup>18</sup> The Commission reported receiving numerous complaints involving "deceptive marketing practices in which consumers are induced to sign a form document that does not clearly advise consumers that they are authorizing a change in their PIC."<sup>19</sup> As an example, the Commission said that there have been a number of complaints that

---

<sup>18</sup> Notice of Proposed Rulemaking, Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers, rel. November 10, 1994, at para. 7.

<sup>19</sup> Id. at para. 6.

LOA forms have been "disguised" as "checks made payable to the consumer."<sup>20</sup> Such inducement checks, it said, "typically contain a statement near the signature line purporting to authorize a PIC change."<sup>21</sup> Problems arise, according to the Commission, when consumers "cash the checks without intending to change their long distance carrier."<sup>22</sup>

While the Report and Order requires that an LOA be "separable or severable" from inducements or other promotional materials, it provides an exception by allowing checks that "double" as LOAs.<sup>23</sup> Although acknowledging its own "negative experience" with a number of "IXCs [that] have used checks to mislead and deceive consumers to change their PICs,"<sup>24</sup> the Commission nevertheless has decided to permit them because it believes that "checks are seldom the source of actual unauthorized conversions."<sup>25</sup>

This rationale is difficult to understand in light of the Commission's own records which indicate that LOA checks represent a significant portion of the complaints it receives with regard to unauthorized conversions. For example, in the December 30, 1994 response by the Commission to a FOIA request, the Commission

---

<sup>20</sup> Id.

<sup>21</sup> Id.

<sup>22</sup> Id.

<sup>23</sup> Report and Order para. 2.

<sup>24</sup> Id. at 14.

<sup>25</sup> Id. at 14-15.

indicates that, from a representative sample of 430 complaints, 47 of them involved alleged unauthorized conversions due to problems with checks.<sup>26</sup>

This reasoning also is difficult to understand in light of news reports of on-going and widespread problems with misleading LOA checks. According to Newsday and other accounts, there are a number of companies that are "cash hungry"<sup>27</sup> and have focussed recent efforts on the least savvy and most vulnerable consumers: "new immigrants and other heavy long-distance dialers."<sup>28</sup> As the Wall Street Journal recently reported, the problem is particularly acute among resellers, which represented about 20 percent of all long-distance revenues last year, or \$14 billion.<sup>29</sup>

An example of the magnitude of the problem can be seen from allegations concerning Sonic Communications (Sonic), also which Newsday recently reported began in November 1994 to target people with Hispanic-sounding last names in the belief that they could not read English well and to entice them with "lures" of \$10

---

<sup>26</sup> December 30, 1994 letter from Gregory A. Weiss, FCC, to Peter A. Jacoby, A&T, FOIA Control No. 94-440.

<sup>27</sup> "Dial 'T' for Trouble; Carriers Weave a Tangled Web. Sidebar: How to Protect Yourself," Newsday, May 22, 1995, at A05.

<sup>28</sup> Id.

<sup>29</sup> "Slamming Scourge: Stealing of Customers Spreads with Resellers of Telephone Service," The Wall Street Journal, July 26, 1995, at 1.

checks to change their PICs.<sup>30</sup> Apparently, the disclosure that check cashing would authorize a change in long distance carriers was placed in "very fine, light gray print" on the back. Referring to one such check, a federal judge hearing a case in California earlier this year said "I can't read what is says on the back of this thing."<sup>31</sup> Employing this same practice in a number of states, Sonic reportedly converted "tens of thousands of consumers either by falsely claiming to have their consent or by duping them with unreadable enticement checks."<sup>32</sup>

Such "LOA check" abuses are by no means isolated. Another carrier has been the subject of numerous recent complaints and has made media headlines. Apparently hoping to become the PIC for long-distance service of the Metropolitan Transportation Authority (MTA) in the New York area, the carrier reportedly began sending a slow, steady "stream" of \$5.00 enticement checks to the MTA, beginning in 1993, until they reached "flood stage" early last year. While MTA officials reportedly managed to stop most of the checks from getting cashed, officials apparently became very frustrated with the carrier's business practices.<sup>33</sup>

Additionally, there is a consensus -- among governmental and

---

<sup>30</sup> "Dial 'T' for Troubling Carriers Weave a Tangled Web: How to Protect Yourself," Newsday, May 22, 1995, at A04.

<sup>31</sup> Id.

<sup>32</sup> "FCC 'Slams' Back New Rules Protecting Against A Switch in Service," Newsday, June 13, 1995, at A08.

<sup>33</sup> "Careful, They've Got Your Number," Newsday, February 5, 1995, at A05.



other organization commenters who process consumer complaints -- that "LOA checks" are a widespread industry problem. The State of New York Department of Public Service (NYDPS) reports receiving numerous complaints "similar to those discussed in the NPRM".<sup>34</sup> At least twenty states, as indicated by The National Association of Attorneys General, believe that the "use of potentially misleading or confusing solicitations which combine LOAs with ... check incentive payments or other inducements presents a serious problem."<sup>35</sup> The Consumer Action, an advocacy group with over ten years of experience in dealing with consumer complaints, also reaches a similar conclusion.<sup>36</sup> The consensus over the nature of the problem is perhaps best summed up by NYDPS's statement that people receiving checks are "confused" and either "do not see the small print or are unable to read the statement identifying the check as an LOA."<sup>37</sup>

In light of the sustained and widespread problem of "LOA checks," there is ample industry experience to support the Commission action outlawing the use of "LOA checks" as a

---

<sup>34</sup> Comments of the State of New York Department of Public Service, at 2.

<sup>35</sup> Comments of the National Association of Attorneys General, at 2. The views of this organization include those of attorneys general in the states of Arizona, Arkansas, California, Connecticut, Florida, Illinois, Indiana, Iowa, Kansas, Maryland, Massachusetts, Minnesota, Nevada, Ohio, Pennsylvania, Rhode Island, Tennessee, Vermont, West Virginia and Wisconsin.

<sup>36</sup> Consumer Action comments at 2.

<sup>37</sup> Comments of State of New York Department of Public Service, at 2.

marketing tool. Although MCI has effectively used check inducements as part of its strategy to acquire new customers, it believes that, on balance, the better approach would be to forbid their use by all carriers. This is because MCI is deeply concerned over widespread abuse of "LOA checks" and the resulting "bad-name" that all carriers suffer from in the public eye as abuses are documented and reported. Accordingly, while it may seem inappropriate to deny the use of this marketing tool, MCI believes that the public interest would be served by its removal from the marketplace. As the Commission itself recognizes, when an LOA is combined with an inducement in the same document, the potential for confusion and abuse is great. When such a market approach is undertaken with a purposeful plan to deceive, the result is inevitable. Therefore, the Commission should remove the exception created for "LOA checks" and thereby prohibit their use altogether in the marketplace.

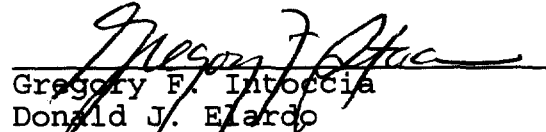
CONCLUSION

For the reasons stated herein, the Commission should reconsider its decisions to extend PIC verification requirements to consumer-initiated calls and to permit the use of LOA checks as an exception to its prohibition against using LOAs in combination with inducements.

Respectfully submitted,

MCI TELECOMMUNICATIONS CORPORATION

By:

  
Gregory F. Intocchia  
Donald J. Elardo  
1801 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006

Its Attorneys

Dated: August 11, 1995

RECEIVED

AUG 11 1995

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of )  
 )  
Policies and Rules Concerning ) CC Docket 94-129  
Unauthorized Changes of Consumers' )  
Long Distance Carriers )

DECLARATION OF WAYNE E. HUYARD

I, Wayne E. Huyard, declare as follows:

1. I am President, Mass Market Sales and Service, MCI Telecommunications Corporation (MCI). In that capacity, my responsibilities include heading MCI residential sales efforts. I am familiar with the practices used by MCI to verify an order requesting a primary interexchange carrier (PIC) change, as well as the costs associated with that undertaking.

2. I am also familiar with the Commission's current regulatory requirements in connection with the PIC selection process, and I am familiar with the potential effects on MCI of the Commission's June 14, 1995 Report and Order, Policies and Rules Concerning Unauthorized Changes and Consumers' Long Distance Carriers, CC Docket No. 94-129 (Order). I make this Declaration in support of the MCI Petition for Limited Reconsideration of certain aspects of the Order.

3. Among other things, implementation of the Order would require that the PIC verification procedures established in Section 64.1100 of the Commission's rules be extended to consumer-initiated calls to IXC business telephone numbers.

(Previously, the PIC verification procedures applied only to calls initiated by IXCs, or "out-bound" calls.)

4. While MCI uses a number of sales methods to acquire new customers, several of its sales channels, including direct mail and broadcast advertisements, encourage customers to call MCI 800 numbers to enroll in MCI services. Such calls are directed to one of many MCI locations throughout the country. If the Order as written is implemented, MCI would have to adopt new PIC verification procedures at each of these locations.

5. Adoption of these procedures would result in significant additional costs to MCI, perhaps as much as \$10 million during the first twelve months. By category, these costs would be as follows:

a. Residential Verification:

In order to build the infrastructure needed to verify "in-bound" sales to residential customers, MCI would need to spend approximately \$1.5 million in capital expenses for equipment and other verification hardware. MCI further estimates that operational costs would add an additional \$6.3 million in the first twelve months after the Order is implemented, based on projected monthly sales and acquisition costs per sale.

b. Business Verification:

In order to build the infrastructure needed to verify "in-bound" sales to business customers, MCI would need to spend approximately \$0.9 million in capital expenses for equipment and other verification hardware. MCI further estimates that operational costs would add an additional \$1.1 million in the

first twelve months after the Order is implemented, based on projected monthly sales and acquisition costs per sale.

6. MCI would experience additional cost burdens that are not readily quantifiable. For example, significant operational problems likely would occur as a result of orders placed at MCI locations not equipped to handle verification procedures efficiently. To comply with the "in-bound" verification rule, MCI also would have to expend substantial staff and system resources, thereby creating a drain on business activities.

7. Customers also would experience a negative impact. The "in-bound" verification process would seem unnecessary or confusing to the customers and would inconvenience them by extending the length of time needed to complete the sale.

8. Based upon my knowledge of the industry, I believe that similar cost impacts would be felt by all IXCs.

9. In my current capacity, I am familiar with MCI's marketing practices. Like a number of other carriers, MCI generally establishes designated 800 numbers for limited-duration promotional campaigns, each of which usually lasts no more than a few weeks or months. As a practical matter, when prospective customers call these specially designated numbers, MCI is able to recognize that callers are responding directly to an offer of service.

10. Also, in my current capacity, I am familiar with the subscription rate of consumers who respond to promotional campaigns. The current enrollment rate is approximately 77 percent for those responding who are not MCI customers, and


approximately 90 percent for those who are. The latter are existing MCI customers who have responded to an offer and subscribe to additional or different MCI service. While verification is not required for current MCI customers requesting a new MCI service, the fact that approximately 50 percent of those responding to broadcast advertising are already MCI customers who have at least a basic knowledge of MCI and its services is evidence that callers are telephoning to "buy" a new service or product in response to advertisements, not to merely seek and obtain "general information."

11. MCI has received minimal consumer complaints with the service ordering process described in this Declaration. Consumers are very satisfied with simple and clear procedures allowing them to place orders by calling MCI. Imposing any verification procedure on these customers would serve only to inconvenience them by, in effect, questioning a decision that they affirmatively made prior to the calls they initiated to MCI.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on August 11, 1995.

  
Wayne E. Huyard

  
DOLORES VISMARA  
Notary Public District of Columbia  
My Commission Expires: 6/14/99